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3/29/89

JAPAN · ECONOMIC · INSTITUTE

JEI REPORT

NO. 11B
March 17, 1989

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Japan Slated For Big Role In New Debt Plan

What a difference half a year makes. Last September, as the Reagan administration's newly selected treasury secretary, Nicholas Brady lead the chorus protesting a Japanese initiative on Third World debt on the grounds that government funds might be required to bail out borrowers. That proposal, named after then Finance Minister Kiichi Miyazawa, called for the International Monetary Fund to act as an intermediary to help ensure the repayment of loans made to developing countries. A portion of the loans outstanding would have been exchanged at face value for bonds with new guarantees that would have involved the IMF, although Japan explained that no government funds would be used.

Now as the Bush administration's treasury secretary, Mr. Brady revealed March 10 his latest thinking on Third World debt: a portion of the loans should be forgiven. In a vague outline of what has been described as more promise than plan, Mr. Brady and other officials sketched several ways in which debt

Trade and Payments Data

(in millions of dollars unless otherwise indicated)

	1986	1987	January-December 1987	January-December 1988	October 1988	November 1988	December 1988
Japan's Balance of Payments							
Trade Balance	$92,827	$96,386	$96,386	$94,789*	$9,064*	$7,559*	$10,932*
Exports (f.o.b.)	205,591	224, 05	224,605	259,555*	22,961*	22,180*	25,521*
Imports (f.o.b.)	112,764	128,219	128,219	164,766*	13,897*	14,621*	14,589*
Current Account Balance	85,845	87,015	87,015	79,488*	7,412*	6,762*	9,274*
Long-Term Capital (net)	-131,461	-136,532	-136,532	-130,326*	-12,579*	-9,855*	-13,980*
Overall Balance	-44,767	-29,545	-29,545	-28,982	303	478	-504
International Reserves (end of period)	42,239	81,479	81,479	97,662	92,496	97,147	97,662
Japan's Customs Clearance Trade							
Trade Balance	82,743	79,706	79,706	77,392*	7,687	6,565	9,646*
Exports (f.o.b.)	209,151	229,221	229,221	264,867*	23,436	22,682	26,080*
Cars	32,945	35,693	35,693	38,674*	3,570	3,387	3,548*
Steel	12,706	12,610	12,610	15,327*	1,342	1,370	1,667*
Imports (c.i.f.)	126,408	149,515	149,515	187,475*	15,749	16,118	16,434*
Crude Oil	19,481	20,663	20,663	18,852*	1,190	1,308	1,529*
Manufactured Products	44,039	60,560	60,560	85,529**	7,423	7,697	7,577**
Japan-U.S. Trade							
Trade Balance	51,401	52,090	52,090	47,613*	4,831	4,427	5,029*
Exports (f.o.b.)	80,456	83,580	83,580	89,612*	8,352	8,063	8,669*
Imports (c.i.f.)	29,054	31,491	31,491	42,000*	3,521	3,635	3,640*
Yen-Dollar Exchange Rate (average for period)	Y168.52	Y144.64	Y144.64	Y128.15	Y129.02	Y123.19	Y123.63
U.S. Trade							
Trade Balance	-155,137	-170,320	-170,320	-137,340	-11,752	-12,358	-11,036
Exports (f.a.s.)	227,159	254,122	254,122	322,225	28,477	27,473	29,322
Imports (c.i.f.)	382,295	424,442	424,442	459,565	40,229	39,831	40,357
U.S.-Japan Trade							
Trade Balance	-58,575	-59,825	-59,825	-55,436	-5,518	-5,294	-5,379
Exports (f.a.s.)	26,882	28,249	28,249	37,732	3,206	3,200	3,384
Imports (c.i.f.)	85,457	88,074	88,074	93,168	8,724	8,494	8,763

*Preliminary
**Estimated

STATISTICAL SUPPLEMENT

Japanese Economic Indicators

(percent change from year-earlier period unless otherwise indicated)

	1986	1987	January-December 1987	January-December 1988	October 1988	November 1988	December 1988
Discount Rate (end of period)	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Outstanding Money Supply	8.7%	10.4%	10.4%	11.2%	11.0%	10.3%	10.4%
Industrial Production	-0.2%	3.4%	3.4%	9.4%	6.3%	8.9%	8.8%
Manufacturing Operating Rate	-4.6%	0.1%	0.1%	6.0%	3.5%	6.6%	4.5%
Number of Bankruptcies	-7.1%	-27.6%	-27.6%	-20.0%	-17.0%	-14.7%	-15.9%
Residential Construction Starts	10.4%	22.7%	22.7%	0.6%	-8.5%	-11.4%	-8.1%
Job Openings to Applications (ratio)	0.62	0.70	0.70	1.02	1.09	1.11	1.15
Nominal Wages	2.7%	1.9%	1.9%	3.8%	3.9%	3.5%	4.8%*
Labor Productivity	1.9%	5.8%	4.7%**	11.8%**	10.6	n.a.	n.a.
Wholesale Prices	-9.1%	-3.7%	-3.7%	-1.0%	-1.5%	-1.6%	-1.1%
Consumer Prices	0.6%	0.1%	0.1%	0.7%	1.1%	1.2%	1.0%
Yen-Based Export Prices	-15.1%	-5.1%	-5.1%	-2.2%	-1.1%	-1.0%	0.9%
Yen-Based Import Prices	-35.8%	-8.3%	-8.3%	-4.6%	-6.8%	-8.5%	-6.1%

*Preliminary
**Through October of each year only.

For Japan's most recent GNP figures, see JEI Report No. 47B, December 16, 1988.